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STATE PLEASE PASS TO USTR JBUNTIN
FOR NEA/ARP, EB/TPP

E.O. 12958: N/A
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SUBJECT: KUWAITI COMMERCE MINISTER MAINTAINS HIGH HOPES FOR
A US-KUWAIT FTA

REF: KUWAIT 642

1. (SBU) On May 2, Ambassador met with recently re-appointed Minister of Commerce and Industry (MOCI) Falah Al-Hajeri. Ambassador congratulated Al-Hajeri on his re-appointment, and said the planned early June trip by Assistant Undersecretary and head of Kuwait's TIFA delegation Abdulazziz Al-Khaldi (Reftel) to meet with USTR will be an important step in maintaining momentum in the TIFA process. Al-Hajeri said the details of the visit should be finished in the new few days, and that he plans a follow-on trip to Washington in September during which he "wants to sign the FTA." Al-Hajeri urged that USTR understand that many revised laws are currently with the Parliament, which continues to be an obstacle, but that he expects revised tax and investment laws to be passed "before the summer." Ambassador applauded Al-Hajeri's commitment to push the TIFA agenda, but cautioned against underestimating the complexity of FTAs, saying that there remains considerable work to be done and that reaching an FTA by September is overly ambitious. He encouraged Al-Hajeri to review carefully all FTA chapters and to be realistic about the timeframe for reaching an agreement.

2. (SBU) Ambassador acknowledged Kuwait's progress on IPR protection over the last few years, and urged Al-Hajeri not to be disappointed that Kuwait remained on the Special 301 Watchlist for 2007. Finishing the copyright law quickly would make a big difference, as well as strong enforcement and stricter penalties, in making a stronger case for Kuwait's removal from the Watchlist next year. Asst. U/S Al-Khaldi, who attended the meeting, reiterated that the copyright law would be completed before he travels to Washington in early June.

3. (SBU) Comment. Al-Hajeri and other GOK officials involved in trade issues are frustrated by the slow pace of the TIFA process, but continue to have unrealistic assessments of Kuwait's achievements in economic reform as well as its prospects for reaching a trade deal with the U.S. A common refrain, echoed by Al-Hajeri, is that delays are due to the difficulty of getting legislation through Kuwait's Parliament. While the legislative process in Kuwait is difficult, there is also steam within the GOK to move forward on key TIFA reforms.

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